

### Crescent Builders: Assigned

Facility	Amount (Rs Crore)	Rating/Outlook
Term Loan	10.00	SMERA B+/Stable (Assigned)

SMERA has assigned rating of **'SMERA B+' (read as SMERA B plus)** to the above mentioned bank facility of Crescent Builders (CB). The outlook is **'Stable'**. The rating is constrained by project execution and geographic concentration risk and high dependence on customer advances. However, the rating draws support from the experienced management and moderate customer interest.

The firm's project 'Crescent Residency' is underway at Sehore town, Madhya Pradesh. The project involves construction of 171 bungalows on a total area of 41,400 sq. mtr. The work on the project is expected to finish by October 2018. However, with only around 40 per cent work being completed as on June 30, 2016 there exists significant project risk. The cash flow adequacy to meet its debt obligation as well as scheduled construction cost would be largely dependent on timely bookings and collections from its ongoing project. Further, the past projects of the firm are within Sehore town, Madhya Pradesh resulting in high geographic concentration risk

Mr. Sudesh Rai, Proprietor, has vast experience in the construction industry having executed projects such as Crescent Resorts, Hotel Crescent, Crescent water and Amusement Park. Moderate customer interest shown by way of booking received of 100 bungalows out of 171 bungalows.

#### Rating Sensitivity Factors

- Receipt of customer advances
- Timely completion of project

#### Outlook-Stable

SMERA believes that CB will maintain a stable outlook owing to the extensive experience of the management and credit profile in the medium term. The outlook may be revised to 'Positive' in case the firm receives higher than expected customer advances. Conversely, the outlook may be revised to 'Negative' in case of inordinate project delays or lower than expected customer advances.

#### About the Firm

Crescent Builders, part of the Crescent Group, is a proprietorship firm established by Mr. Sudesh Rai in 2010. Mr. Sudesh Rai, MLA of Sehore possesses extensive experience in the abovementioned field. The firm is engaged in the construction of row houses in Sehore under project 'Crescent Residency'.

For FY2014-15, CB registered profit after tax (PAT) of Rs.1.41 crore on operating income of Rs. 1.91 crore as compared to PAT of Rs.0.18 crore on operating income of Rs.7.73 crore.

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